

CORRECTED FISCAL NOTE
HB 228 - SB 1751

April 20, 2005

SUMMARY OF BILL: Defines a replacement facility application as one that proposes to replace one or more currently licensed nursing homes with one single licensed nursing home. Any application that does not increase the number of beds in the existing facility or facilities is not to be considered new nursing home beds, the current bed moratorium does not apply, any request for additional beds is to be considered separate from the replacement application, and preference is to be given to such projects proposing the replacement because of building or life safety issues.

ESTIMATED FISCAL IMPACT:

On April 2, 2005 we issued a fiscal note which indicated *an increase in expenditures exceeding \$1,000,000 (\$360,000 in state funds and \$640,000 in federal funds)*. Based on additional information, the estimated fiscal impact of this bill is:

(CORRECTED)

Increase State Expenditures – Not Significant

Increase State Revenues – Not Significant

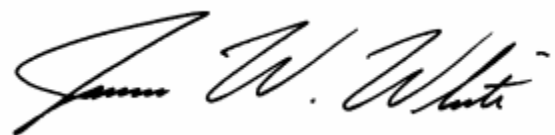
Other Fiscal Impact – To the extent the replacement facility increases the nursing home bed pool, there could be an increase in the number of beds. Such an increase could result in an increase in expenditures exceeding \$1,000,000 (\$360,000 in state funds and \$640,000 in federal funds).

Assumptions:

- The number of new beds approved in a year will increase to more than 125 if replacement facilities are exempt from the law.
- New nursing home beds will increase the number of Medicaid patients and increase the total amount of reimbursement paid by TennCare for long term care.
- Nursing home beds are reimbursed at actual costs up to a maximum equal to the cost of the nursing home at the 65th percentile level as calculated by the Comptroller per existing TennCare rules.
- The amount of increase cost to the Long Term Care program is estimated to exceed \$1,000,000 based on the total reimbursement for nursing homes in the FY06 budget which is estimated at \$839,720,500.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director